2021 Results (January–December)

February 9, 2022

Shiseido Company, Limited

Takayuki Yokota
Director, Executive Officer
Chief Financial Officer

150 YEARS
SHISEIDO

In this document, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties, and other factors that may cause actual results and achievements to differ from those anticipated in these statements.

2021 Key Headlines

FY 2021 results largely above Plan: like-for-like Net Sales up 12%, Operating Profit more than doubled, Net Profit +¥54.1 bn YoY

- Strategic investment in skin beauty brands led to double-digit growth (sales: +10%*, ratio: 64%)
- DX acceleration (E-commerce (EC) sales: +over 20%*, ratio: 34%)
- Growth driven by Americas and EMEA; strong global footprint offset challenges in Japan
  - Like-for-like* Net Sales YoY: +12%
  - Like-for-like* Net Sales ex-Japan: +19%
- Improved product mix; agile cost management in line with market changes; solidified foundation for profit through fixed cost reductions
  - Operating Profit: ¥41.6 bn, +¥26.6 bn YoY and +¥9.6 bn vs outlook
- Free cash flow: +¥186.6 bn YoY
  - Cash-in from business transfers and inventory reductions while investment in growth drivers continued (factories, DX, etc.)
- Agile global transformation with ¥200 bn+ business scale
  - Personal Care (PC) business; *Dolce&Gabbana; bareMinerals, BUXOM, and Laura Mercier; Za* and *PURE&MILD*

* Excluding the impact of transfer of Personal Care business in 2H and prestige makeup brands in December ("business transfers")

FY 2021 (January–December) Executive Summary

(Billion yen)	2020 Results	2020 % of Net Sales	2021 Existing businesses (A)	YoY %	YoY FX-Neutral %	YoY Like-for-like*3 %	Transformation impacts (B)	2021 (A)+(B) Results	% of Net Sales	YoY %	FY 2021 Outlook (November 2021)	Change vs. Outlook
Net Sales	920.9	100%	1,035.2	+12%	+8%	+12%	–	1,035.2	100%	+12%	1,044.0	–8.8
Operating Profit	15.0	1.6%	45.4	+203%			–3.8	41.6	4.0%	+178%	32.0	+9.6
Extraordinary Profit (Loss)	–11.7	–1.2%	–1.5	-			29.9	28.4	2.8%	-	25.2	+3.2
Income Taxes	7.1	0.8%	7.1	+0%			21.3	28.3	2.8%	+300%		
Net Profit*1	–11.7	–1.3%	37.6	-			4.9	42.4	4.1%	-	30.0	+12.4
EBITDA*2	71.4	7.8%						172.6	16.7%	+142%	155.0	+17.6

Net Sales:
- Strategic investment in skin beauty brands led to double-digit growth
- Continued growth in EC, mainly in Prestige
- Strong recovery driven by Americas and EMEA; strong global footprint offset challenges in Japan

Operating Profit: Positive impact from improved product mix, increased sales, and effective cost management

Extraordinary Profit (Loss):
- Proceeds from transfer of PC business: ¥86.6 bn, sale of idle assets and investment securities: ¥3.3 bn, etc.
- Impairment loss: –¥26.5 bn (*Dolce&Gabbana*: –¥15.6 bn, makeup brands: –¥7.4 bn, etc.); other structural reforms: –¥31.1 bn etc

EBITDA: Margin reached double digits, improved +8.9 pts YoY

*1. Net Profit Attributable to Owners of Parent *2. After adjustment: Net profit (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets *3. Excluding the impact of business transfers

FY 2021 Net Sales by Brand: Skin Beauty Brands Remained Strong

SHISEIDO GINZA TOKYO

+15%

- Recovered to 2019 level
- Core lines grew share in sales
- Growth accelerated in China, Americas, and EMEA
- Expanded consumer base in Americas and EMEA as well as men users

clé de peau BEAUTÉ

+21%

- Recovered to 2019 level
- Grew share in China and Americas; improved rankings
- Grew across all regions
- Expanded rollout to major markets in EMEA

IPSA

+4%

- Exceeded 2019 level
- Japan: top share in prestige for 20s
- Resilient under COVID-19

DRUNK ELEPHANT™

+11%

- Accelerated global rollout
- Expanded distribution channels in Americas
- Top-3* in skincare in countries and regions of availability

ANESSA

+10%

- Japan: maintained top share in sunscreens
- Strong results in cross-border marketing

* Rankings in retailors of availability, not available for Japan, Germany and Tmall Global

FY 2021: Accelerated Rollouts in New Growth Categories

BAUM

- China: launched in October
- Japan: steadily raised brand awareness
- Strong sales especially in holiday season due to growing demand for gifts

THE GINZA

- China: launched in October
- Japan: renewed all 10 products in June

EFFECTIM

- Anti-aging* brand fusing skincare and beauty devices
- Japan: launched in March; China: April
- Japan's first 3D skin diagnosis and beauty device personalization

* Age-appropriate care using a beauty device and moisturizing care with skincare products

FY 2021: Continued Global Digital Acceleration

E-COMMERCE

- Global EC ratio:
  34%, +over 20% YoY
- Prestige* EC ratio:
  36%, +ca. 20% YoY
- 8 Prestige brand website launches in 2021; total: 98

CONSUMER MARKETING

- Continued expansion in consumer engagement and data programs
- Over 200 livestream shows with high engagement metrics
- Activations across online consultations, metaverse pilots

DIGITAL WORKFORCE

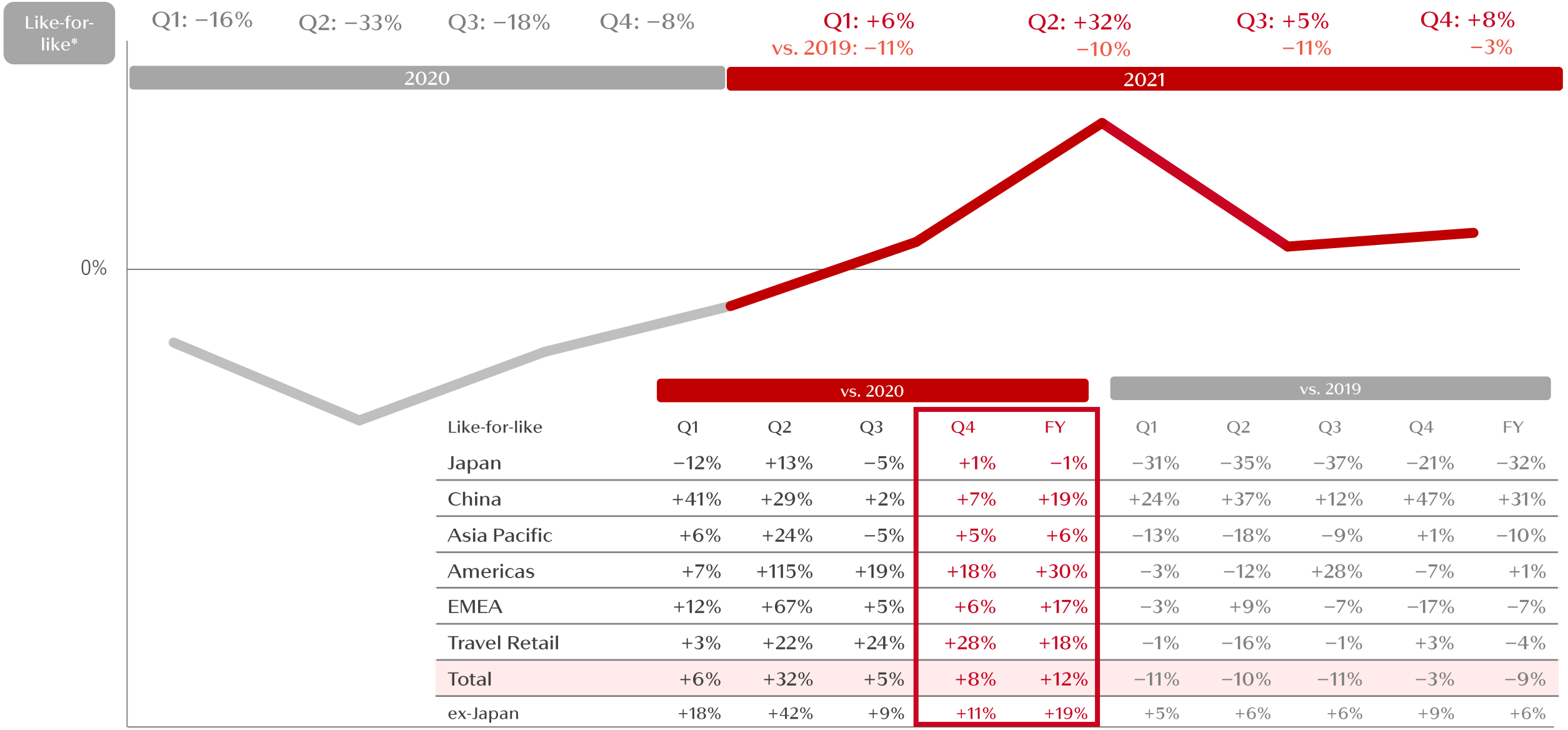
SHISEIDO+ DIGITAL ACADEMY

- Total students enrolled: 10,000
- Advanced Marketer Programs launched globally, over 250 certifications issued
- Activated Executive Officer Digital Education workshops

ICS HITOTSUBASHI

* Including sales of transferred brands in FY 2021

Net Sales YoY: Growth Driven by Americas and EMEA; Strong Global Footprint Offset Challenges in Japan

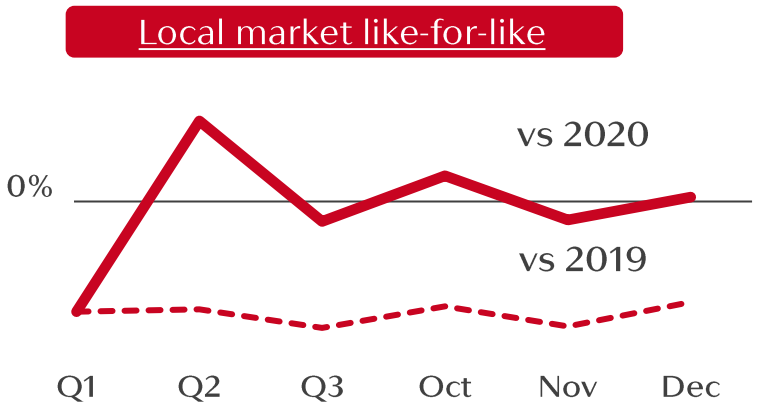


Like-for-like	vs. 2020 Q1	vs. 2020 Q2	vs. 2020 Q3	vs. 2020 Q4	vs. 2020 FY	vs. 2019 Q1	vs. 2019 Q2	vs. 2019 Q3	vs. 2019 Q4	vs. 2019 FY
Japan	−12%	+13%	−5%	+1%	−1%	−31%	−35%	−37%	−21%	−32%
China	+41%	+29%	+2%	+7%	+19%	+24%	+37%	+12%	+47%	+31%
Asia Pacific	+6%	+24%	−5%	+5%	+6%	−13%	−18%	−9%	+1%	−10%
Americas	+7%	+115%	+19%	+18%	+30%	−3%	−12%	+28%	−7%	+1%
EMEA	+12%	+67%	+5%	+6%	+17%	−3%	+9%	−7%	−17%	−7%
Travel Retail	+3%	+22%	+24%	+28%	+18%	−1%	−16%	−1%	+3%	−4%
Total	+6%	+32%	+5%	+8%	+12%	−11%	−10%	−11%	−3%	−9%
ex-Japan	+18%	+42%	+9%	+11%	+19%	+5%	+6%	+6%	+9%	+6%

* Excluding the impact of business transfers

Japan: Gradual Recovery, Mainly in Prestige; Increased Market Share in Base Makeup Amid Delayed Market Recovery

- Market in Q4:
  - Local consumers:
    - Flat YoY, traffic recovery slower than expected
    - From consumption to savings due to prolonged COVID-19 impact; while overall cosmetics purchase rate decreased, prestige saw recovery trends



- Shiseido Consumer Purchases*1 :
  FY: −low single digit% / Q4: −low single digit%
  - Local: flat / flat
    - Prestige brands turned to growth: *SHISEIDO* Ultimune strong, *Clé de Peau Beauté* increased regular users in skincare
    - Base makeup: *MAQuillAGE* : No.1 share throughout the year*2
      Agile product development in line with new consumer needs
    - EC: +high teen% / +high teen%
      - Accelerated growth in retailer EC
  - Inbound: −mid-teen% / −low teen%

Holiday collections

*1 Excluding the impact of business transfers *2 INTAGE SRI+ weekly, Base makeup, Share by Brand and Line

China: Largely Ahead of Market for Singles' Day

- Market in Q4:
  - ➢ EC: increased scale of Singles' Day; discount promotions normalized
  - ➢ Offline: partial retail closures due to COVID-19 variants

- Shiseido Consumer Purchases*:

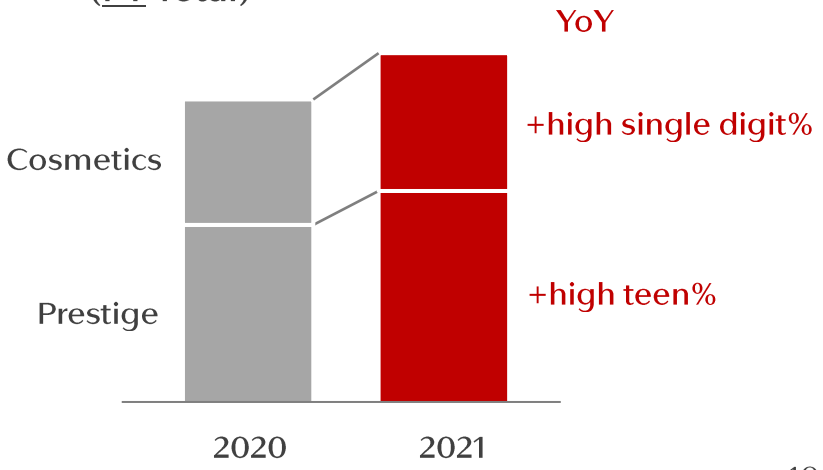
  Total: FY +high teen% / Q4 +low single digit%
  - ➢ Mainland China: +mid-teen% / +low single digit%
    - Prestige: +high teen% / +mid-single digit%
    - EC: +over 30% / +low 20%
      - Prestige EC: +over 30% / +mid-20%

- Singles' Day: Total growth 1.4x, Prestige 1.5x

  SHISEIDO, Clé de Peau Beauté, NARS improved rankings

Singles' Day promotions

Consumer Purchases by Category
(FY Total)



* Excluding the impact of business transfers

Seized Recovery Opportunities Mainly in Americas and EMEA to Accelerate Growth

Market (Q4)

Americas

Double-Digit Growth Continued, FY Sales Above 2019

All categories, incl. makeup, bounced back with market recovery

- Shiseido External Sales[*1]: FY +30% / Q4 +18%
  - EC: –high single digit% / –mid-single digit%
  - *NARS*: +over 60% / +over 40%
    Grew share throughout the year; climbed two ranks[*2]

EMEA

Gained Share Across All Categories for FY

Recovery in makeup and fragrance continued

- Shiseido External Sales[*1]: FY +17% / Q4 +6%
  - Grew share in key markets
    France: all categories
    UK: skincare and makeup
    Spain: makeup
  - EC: +low teen% / –low single digit%

Asia Pacific

Growth Led by EC Amid COVID-19 Resurgence

Traffic sluggish, mainly in South-East Asia

- Shiseido External Sales[*1]: FY +6% / Q4 +5%
  - EC[*3]: +over 60% / +over 70%
    - Accelerated rollouts on major EC platforms
    - Increased share in Prestige

Travel Retail

Growth in Q4 Exceeded 2019 YoY, Driven by Hainan

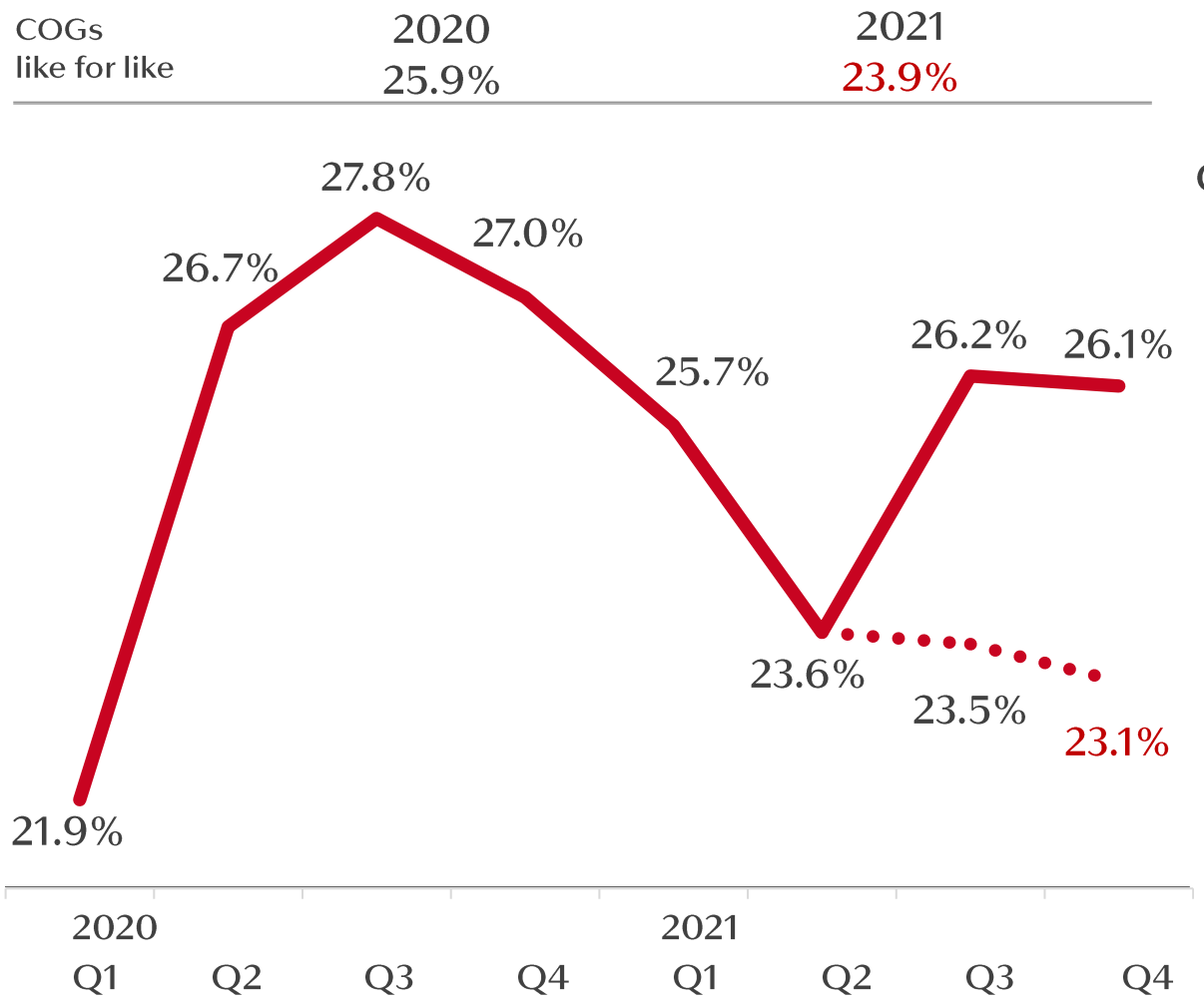
Growth in Hainan continued

- Shiseido Consumer Purchases:
  Asia: FY +low teen% / Q4 +mid-teen%
  (Global: +low teen% / +high teen%)
  - *Drunk Elephant* expanded presence in Asia
  - EC (Asia): +high 20% / +low 30%

*1. Excluding the impact of business transfers *2. NPD ranking for the makeup category *3. Only for Prestige brands

COGs Ratio: Favorable Product Mix from Business Transfers, Continued Improvement Like-for-like basis

Quarterly COGs Ratio Trend



Billion yen (% of Net Sales)

FY	2020		2021		YoY Change	YoY Change %
Net Sales	920.9		1,035.2		+114.3	+12%
COGs	238.4	(25.9%)	263.0	(25.4%)	+24.6	+10%
Gross Profit	682.5	(74.1%)	772.2	(74.6%)	+89.7	+13%

COGs

Like for like, excl. impact from MSA* for business transfers:

FY: 23.9%; Q4: 23.1%

(+) Favorable product mix from business transfers

(+) Higher productivity (lower fixed costs due to shift to in-house manufacturing)

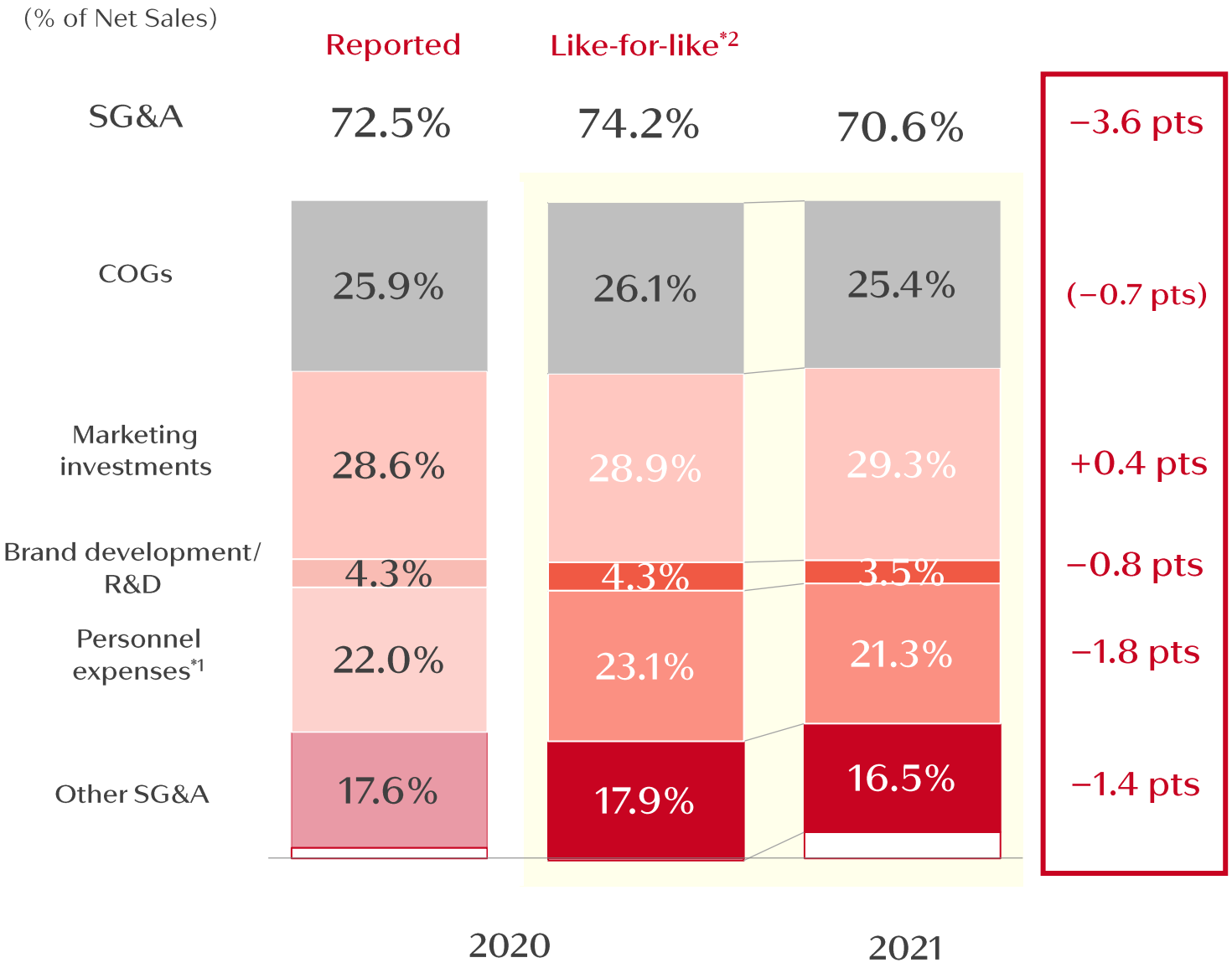
(+) Lower inventory write-offs

(−) Higher fixed costs due to launch of new factories

(−) Negative impact on COGs ratio from MSA for business transfers

*Manufacturing Service Agreement

Cost Structure in FY 2021: Stepped Up Investments for Market Recovery While Reducing Fixed Costs

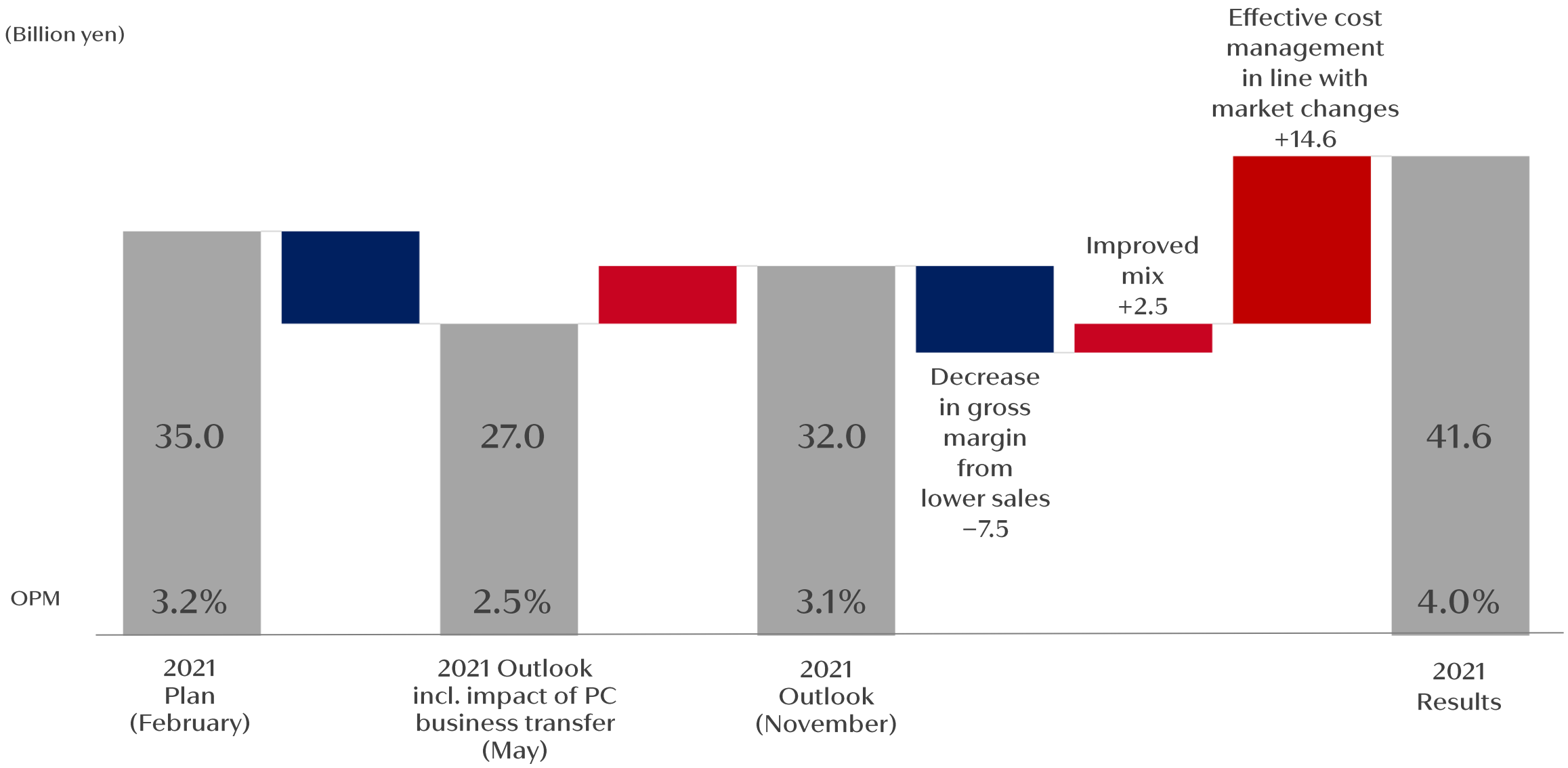


- **Marketing investments**
  - Enhanced digital communication (global digital media ratio: 84%)
  - Strategic investments in China and Travel Retail, including cross-border marketing
  - Enhanced investments with market recovery
- **Personnel expenses**
  - Reduction in unprofitable counters and structural reforms in Americas, EMEA
  - Cycling of provision for bonuses
- **Other SG&A**
  - Lower freight cost ratio
  - Zero-based budgeting

*1. Including POS personnel expenses

*2. Excluding the impact of reclassification of extraordinary loss related to COVID-19, etc.

FY 2021 Operating Profit vs. Outlook: Exceeded Initial Plan Despite Challenging Market and Downward Revision of Net Sales Due to Structural Reforms



FY 2021 Operating Profit by Reportable Segment

Significant Improvement Driven by Americas, EMEA, and Travel Retail

Japan: ➢ Excluding impacts of PC business transfer and COVID-19-related reclassification of extraordinary loss, etc., like-for-like OP declined due to increased investment in anticipation of market recovery

China: ➢ Excluding the impact of PC business transfer, etc., like-for-like OP grew despite aggressive marketing investments

Asia Pacific: ➢ OP grew, OPM improved due to higher margins accompanying sales growth and higher efficiency from shift to digital

Americas, EMEA: ➢ OP improved significantly thanks to higher commercial-based profitability and decrease in fixed costs due to organizational and structural reforms

Travel Retail: ➢ OP grew, OPM improved thanks to higher gross margins accompanying sales growth and effective marketing investments

Other: ➢ Intercompany sales increased, mainly to China and Travel Retail.
Higher COGs due to MSA for business transfers, higher fixed costs related to new factories, strengthened investment in DX

Adjustments: ➢ OP declined due to elimination of transactions between segments, namely increased intercompany sales to China and TR

Operating Profit (OPM)

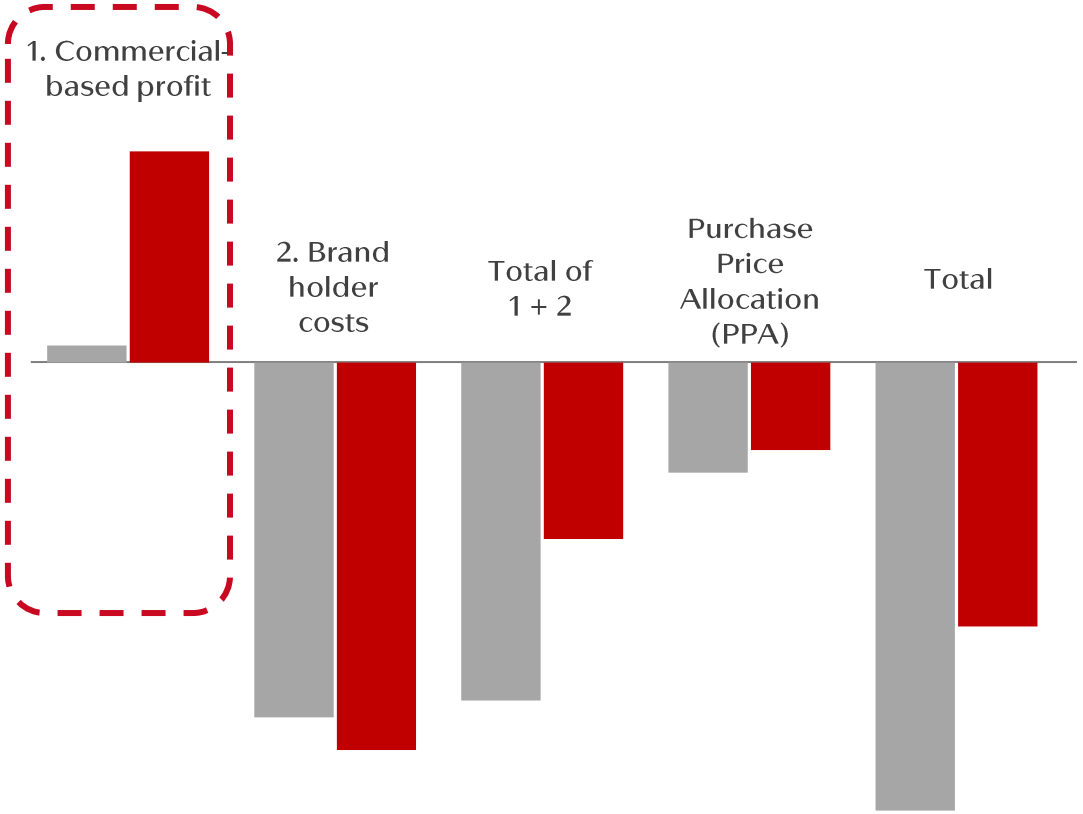
(Billion yen)

	2020		2021		YoY
Japan	9.7	(2.9%)	9.6	(3.2%)	−0.1
China	18.4	(7.8%)	1.2	(0.4%)	−17.2
Asia Pacific	3.2	(5.3%)	3.7	(5.6%)	+0.5
Americas	−22.7	(−19.5%)	−13.2	(−8.9%)	+9.5
EMEA	−13.2	(−12.9%)	2.5	(1.9%)	+15.7
Travel Retail	14.6	(14.8%)	22.0	(18.2%)	+7.3
Professional	−0.0	(−0.3%)	0.8	(4.6%)	+0.8
Other	4.7	(2.7%)	31.0	(13.3%)	+26.3
Adjustments	0.3	-	−15.8	-	−16.1
Total	15.0	(1.6%)	41.6	(4.0%)	+26.6

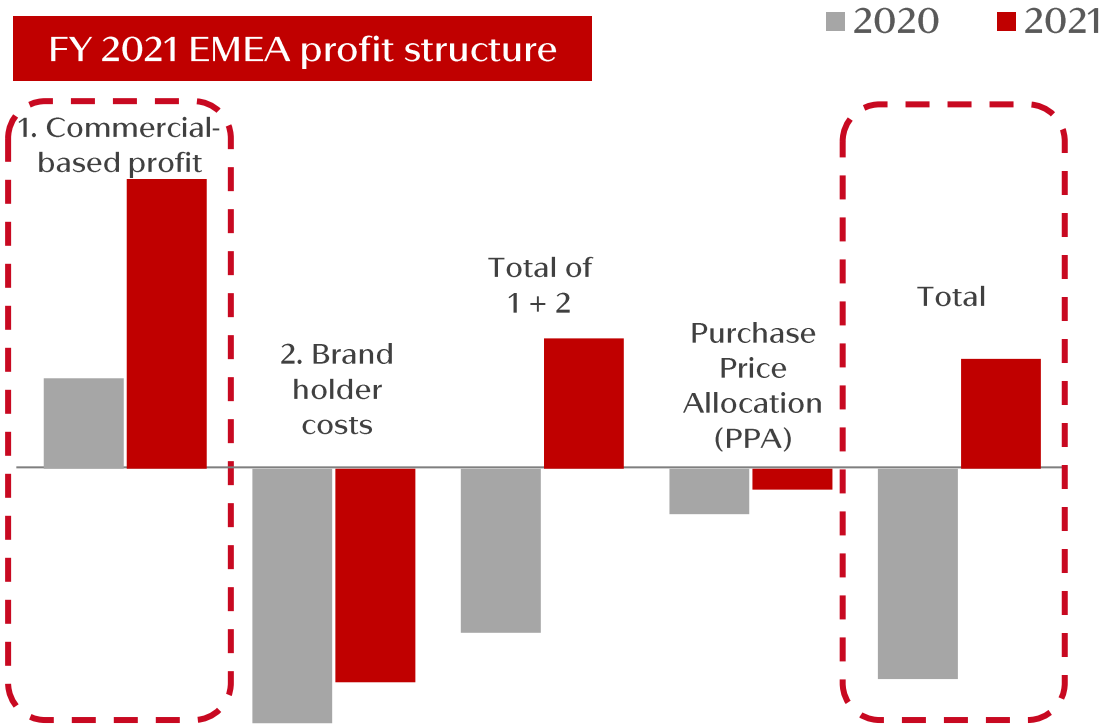
Americas, EMEA: Significant OP Improvement Thanks to Structural Reforms

- Americas: Loss contracted thanks to higher sales and lower fixed costs due to structural reforms.
  Achieved double-digit commercial based margin.
- EMEA : Turned profitable in FY thanks to improved commercial-based margins, lower *D&G* amortization, lower fixed costs

FY 2021 Americas profit structure



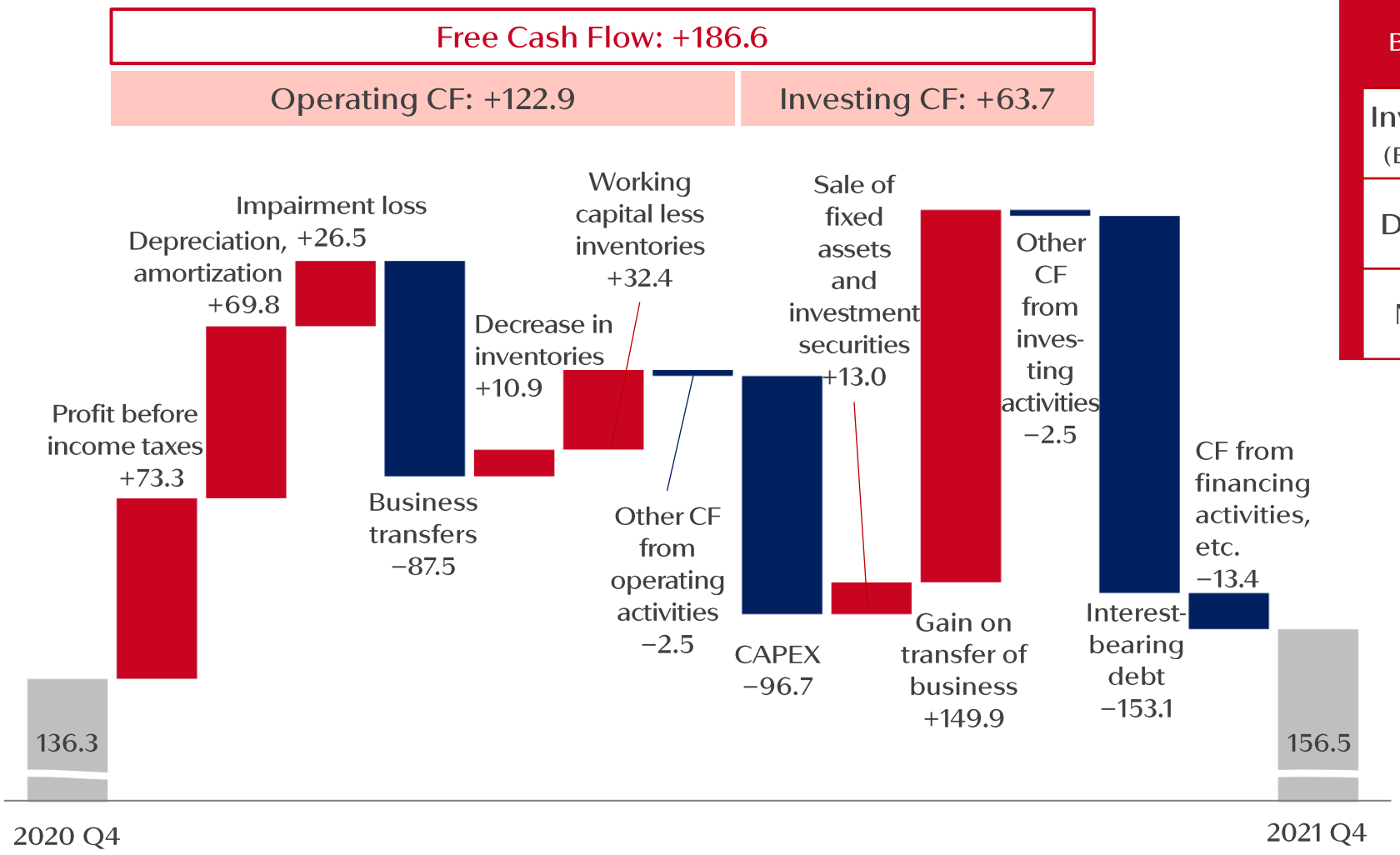
FY 2021 EMEA profit structure



Cash Flow Management:

- Cash-in from business transfers and inventory reductions
- Continued investment for growth
- Improved financial position through reduction of interest-bearing debt

(Billion yen)



B/S KPIs	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Inventories (Billion yen)	170.0	167.2	165.5	149.0	143.8
DSI (Days)*	269	260	250	236	218
Net D/E	0.36	0.41	0.39	0.14	0.03

*Average for the past 12 months

Agile Global Transformation with ¥200 Bn+ Business Scale

FY 2021

- Transfer and JV of Personal Care Business (FY 2021 Extraordinary Profit: ¥85.3 bn)
  - 2022: Asset transfers from JVs in Asia Pacific and subsidiary in Vietnam (planned)

- Termination of License with DOLCE&GABBANA S.r.l.
  (FY 2021 Extraordinary Loss: −¥36.5 bn, incl. impairment loss on trademark rights: −¥15.6 bn)
  - Entered into agreement to continue global production and distribution until end-2022

- Transfer of *bareMinerals*, *BUXOM*, and *Laura Mercier*
  (FY 2021 Extraordinary Loss: −¥8.2 bn, incl. Impairment loss on goodwill due to transfer: −¥7.4 bn)
  - Transfer completed on December 6, 2021; entered into manufacturing and product procurement agreements

- Transfer of *Za* and *PURE&MILD* (FY 2021 Extraordinary Loss: −¥1.5 bn)

FY 2022

- Transfer of Professional Business (FY 2022 Extraordinary Profit (outlook): ¥10.0 bn)
  - Transferee: Henkel AG & Co. KGaA; Shiseido holds 20% of shares
  - Transfer price: ¥12.3 bn*
  - Effective date (planned): July 1, 2022

* Valuation amount of the business used in the calculation of transfer price: 14.8 bn yen

Progress on WIN 2023 and Beyond Financial Targets: In Line with Plan Towards 2023 Targets

		2019	2020	2021	2023 Target
Improve Capital Efficiency	ROIC	13%	1%	3%	14%
	ROE	16%	−2%	8%	18%
Enhance Cash Generating Power	EBITDA margin	15%	8%	17%	20%+
	DSI (days)	237	269	218	≤200
Sound Financial Position	Net D/E	0.3	0.4	0.03	0.2
	Net D/ EBITDA	0.8	2.4	0.1	0.5

Back to Growth through Global Transformation

2022 Plan

February 9, 2022

Shiseido Company, Limited

Masahiko Uotani
Representative Director, President and CEO

150 YEARS
SHISEIDO

OUR MISSION is
BEAUTY INNOVATIONS
FOR A BETTER WORLD
150
YEARS
SHISEIDO

Roadmap for WIN 2023 and Beyond

WIN 2023: Shiseido United Transformation

2021
Groundwork

- Business in the new normal
- Structural reforms
- Enhancing the financial base

2022
Back on Growth Track

- Shiseido's 150th anniversary
- Growing global brands
- Accelerating DX

2023
Full Recovery

- Skin Beauty Company
- Net sales ca. ¥1 Tn
- OPM 15%

2030 VISION
PERSONAL BEAUTY WELLNESS COMPANY

- Most Trusted Beauty Company
- No. 1 in Skin Beauty
- Net sales ¥2 Tn
- OPM 18%

Long-term Investment: Brands, Innovation, Supply Network, DX, People

Market Recovery Assumptions for 2022

Recovery expected within 2022 in most regions despite continued uncertainty from COVID-19 variants

	Original recovery assumptions for WIN 2023 (Aug 2020)	Current recovery assumptions
Japan	Local: 2H 2021 Inbound: 2022	Local: 2H 2022 Inbound: gradual recovery from 2H 2022
China	2H 2020	Up to Q1 2022: impacted by lockdowns due to COVID-19 variants; continues to grow, driven by EC and Prestige
Asia Pacific	2022	2022
Americas	2H 2022 - 2023	Skincare: back to pre-COVID level in 2021 Makeup: 2023
EMEA	2H 2022 - 2023	Above 2019 level in 2022; full recovery in 2023
Travel Retail	2022	2022

Key Strategies in 2022

- Grow skin beauty brands, explore M&A opportunities
- Americas, EMEA: step up profitability
- Japan, China: aim for full recovery in 2H
- China, Travel Retail: maintain growth momentum
- Accelerate Group-wide DX
- Continue global transformation, increase profitability and productivity
- Enhance long-term initiatives (ESG, Supply Network, R&D, FOCUS, People)

Grow Skin Beauty Brands to 75%+ of Total Sales in 2022

Core Skincare

Clean / Sustainable

Makeup Foundation

Sun care

Men

Beauty Devices

Inner Beauty

Japan: Grow Topline with Increase in Loyal Users

- Increase loyal users through enhanced brand value and product innovations
  Promote skin beauty sun care and base makeup (Q1 launches)

SHISEIDO GINZA TOKYO

clé de peau BEAUTÉ

BENEFIQUE

HAKU

ELIXIR

ANESSA

Sun Dual Care™

MAQUILLAGE

- Personalization at a new level through DX and innovations

➢ Strengthen CRM leveraging digital data and tools
➢ Increase repeat purchases and trials through OMO activities with ID-POS data
➢ Introduce digital counseling tool “Personal Beauty Plan”
➢ Pilot of Beauty DNA Program

- People, organization, operation models

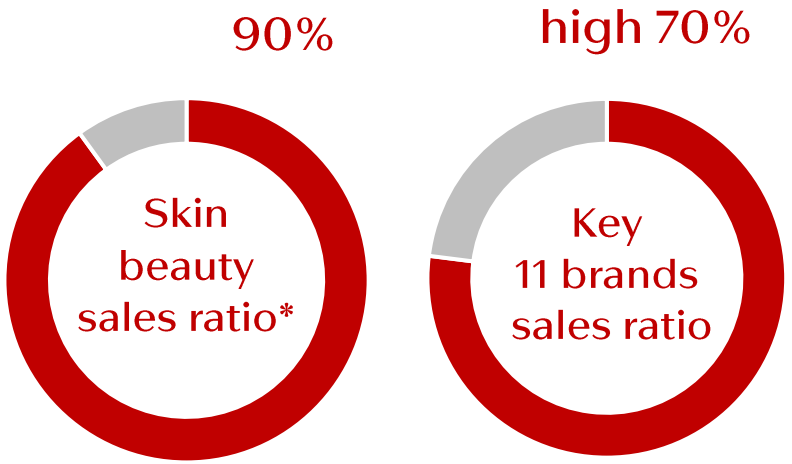
➢ Appointed two new marketing directors for Prestige and Premium brands
➢ Collaborations with alliance department stores and drugstores and corporate specialty stores

Prestige Brands Marketing Div.
Department Director
Akiko Shimizu

Premium Brands Marketing Div.
Department Director
Yuri Kawakami

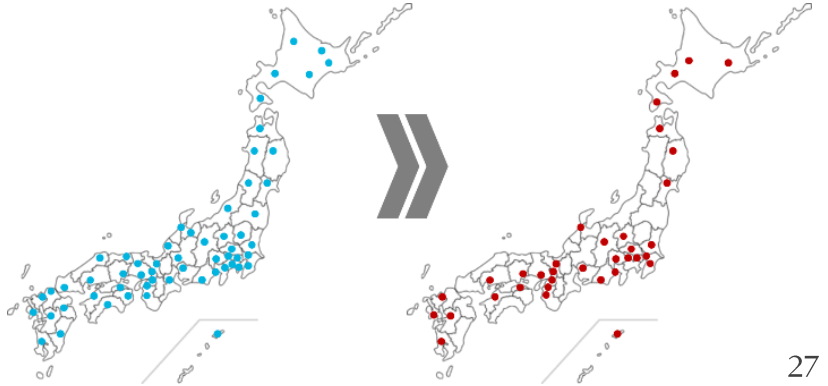
Japan: Improve Profitability

- **Expand sales and improve profitability through better mix (by brand, beauty category, channel)**
  - Skin beauty sales ratio*: 90%
  - Key 11 brands sales ratio: high 70%
  - EC sales ratio: low teen%
- **Maximize ROI for marketing investment**
  - Set a hurdle rate, establish an agile PDCA cycle
  - Increase efficiency of media investment through marketing ROI analysis by Shiseido Interactive Beauty
  - Leverage brand member data and ID-POS data to the fullest
- **Reduce COGs and logistics costs**
  - Strengthen COGs management upon product launch
  - Reduce inventory write-offs through higher demand forecasting accuracy and lower returns
  - Reduce inventories, increase delivery efficiency, improve warehouse operations
- **Proceed with structural reforms, optimize personnel costs**
  - Office reorganization through restructuring and work style reform
  - Reduction of personnel costs through reduced hiring



■ Marketing ROI analysis by media

■ Office reorganization



*Including base makeup

China: Deliver Sustainable Growth

Double-digit growth with stronger brand and business portfolio

- **Ensure further growth of existing brands: Enhance key product lines and expand categories**
  - *SHISEIDO* : capture trade-up needs
    Future Solution LX and ULTIMUNE
  - *Clé de Peau Beauté* :
    Key Radiance Care, further increase skincare users
  - *ELIXIR* :
    Eye care and brightening* serums in addition to day care
- **Build solid foundation for new brands**
  - Brand building, effective operations
- **Create new consumer touch-points: Expand D2C, domestic airports, etc.**
  - JD.com: offer Prestige on top of Premium and Fragrance (*SHISEIDO* launched in Jan 2022)
  - WeChat Store: launches of key brands within 2022

Enhance key lines, expand categories

Create consumer touch-points

JD.com

WeChat

TikTok

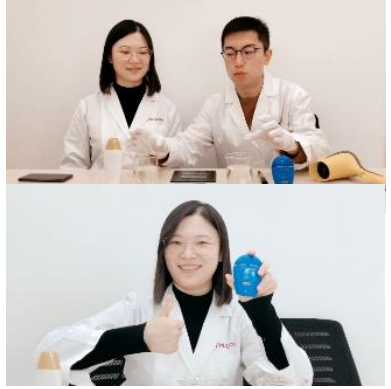
* Inhibits melanin production and prevents the formation of dark spots and freckles

China: Improve Profitability

- **Consumer-focused social commerce**
  - Expand our database, personalize communication
  - Partner with Chinese platformers
- **Enhance brand value with new value propositions**
  - Promote efficacy and formula
  - Foster a culture of refills
  - Sustainable brand *BAUM*
- **Improve cost structure: lower fixed costs* by 1%**
  - Structural reforms for *AUPRES*
  - Integrate distribution centers
  - Local production of samples
  - Centralization of procurement

■ Global strategic partnership with Tencent

■ Promotions focused on efficacy and formula



■ Refills and sustainability

■ Integration of distribution centers

*Personnel costs and Other SG&A

Global Digital Transformation

EC sales ratio

2021 **34%**

2020 25%

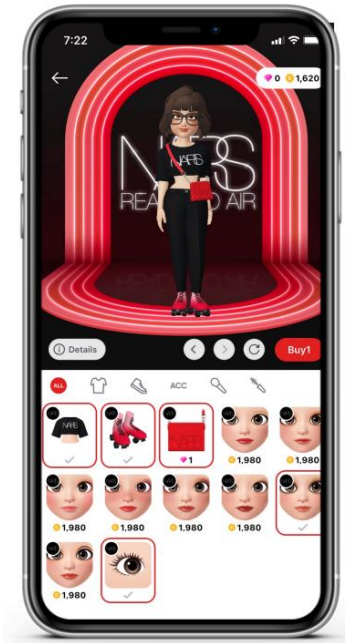
2019 13%

Consumer engagement

Global rollout of virtual skin analysis program: *SHISEIDO* in 2H 2022

Advanced digital technologies

Co-creation of brand community in metaverse; next-generation participative marketing



Increase In-house Supply Capacity and Productivity

Nasu Factory

(Started in Dec 2019,
full operation from 2021)

Factory Tour “Play Beauty”

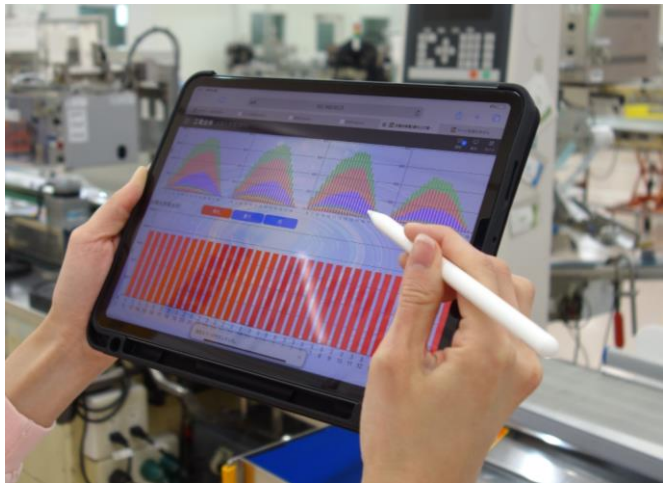
Osaka Ibaraki Factory, West Japan Distribution Center

(Started in Dec 2020,
full operation from 2023)

Automatized shipment at
West Japan Distribution Center

Fukuoka Kurume Factory

(Completion planned for May 2022)



DX for productivity improvement

ESG Included in DJSI World & Asia Pacific Indices

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Environment

Target: Carbon neutral by 2026*1

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Solar panels at Kakegawa Factory

RE100 | CLIMATE GROUP | CDP

Target: 100% sustainable packaging by 2025*2

*1. Scope 1 and 2 CO_2 emissions

*2. For sale of products with plastic packaging

Society (D&I)

Ratio of Female Leaders*3

58% Shiseido Group

37% Japan (Target: 50%)

30% Club
GROWTH THROUGH DIVERSITY

Mentoring program by female executives "Speak Jam"

SCIENCE GRANT
SHISEIDO FEMALE RESEARCHER

POWER of RADIANCE
cp
clé de peau BEAUTÉ

*3. Flash report as of February 2022

Governance

Directors and Audit & Supervisory Board Members after AGM (Plan)*4

54% External Directors and A&SB Members

46% Female Directors and A&SB Members

Two New Candidates

Charles D. Lake II

Mariko Tokuno

*4. To be voted upon at the 122nd Ordinary General Meeting of Shareholders to be held in late March 2022

Diverse Global Leadership Team

Group-wide Bottom-up Project for Shiseido's Future

Phoenix
PROJECT

KICK OFF – NOVEMBER 19TH, 2021

2022 Business Plan

	Initial (as of Oct 2021)	Today	
Net Sales	1,130.0 bn yen	1,100.0 bn yen (960.0 bn*) Like-for-like growth: +14%	To be assessed and reviewed in line with market trends
Operating Profit	80.0 bn yen	60.0+ bn yen	

Reasons for Revision

- Prolonged impact of COVID-19, including variants
- Downside risks: delayed recovery of Japan market, lockdowns in China
- Proactive strategic investments in response to market recovery

Dividend per share (Plan)

Interim: 25, year-end: 25 = 50 yen

+

Commemorative dividend for 150th anniversary: 50 yen

*Excluding business and brand transfers

Toward "WIN 2023 and Beyond" Targets

Market	Shiseido
⊕ 2H 2022: recovery in Japan and China; return of inbound tourism ⊕ Supply and distribution issues resolved ⊕ Inflation slows down, under control ⊕ Geopolitical risks ⊖ Delay in Japan recovery and return of inbound tourism (to 2023–2024) ⊖ Significant slowdown in China's economic activity and consumption ⊖ Increase in raw material and labor costs due to inflation ⊖ Deterioration in consumer sentiment, bipolarization	➢ Benefits of structural reforms: – Improved profitability from higher ratio of skin beauty sales – Improvement in COGs due to favorable product mix – SKU reductions; efficient production, inventory, logistics – Lower fixed costs ➢ Major skin beauty brands' value increased with additional marketing investment ➢ Expansion of D2C marketing, OMO, and EC ➢ R&D: focus on sustainability and innovation ➢ Increase of in-house production and supply capability with new factories ➢ Large-scale CAPEX completed, cash flow increases ➢ Unleashing the power of our people through job-grade-based HR system, D&I, and FOCUS ➢ Phoenix Project

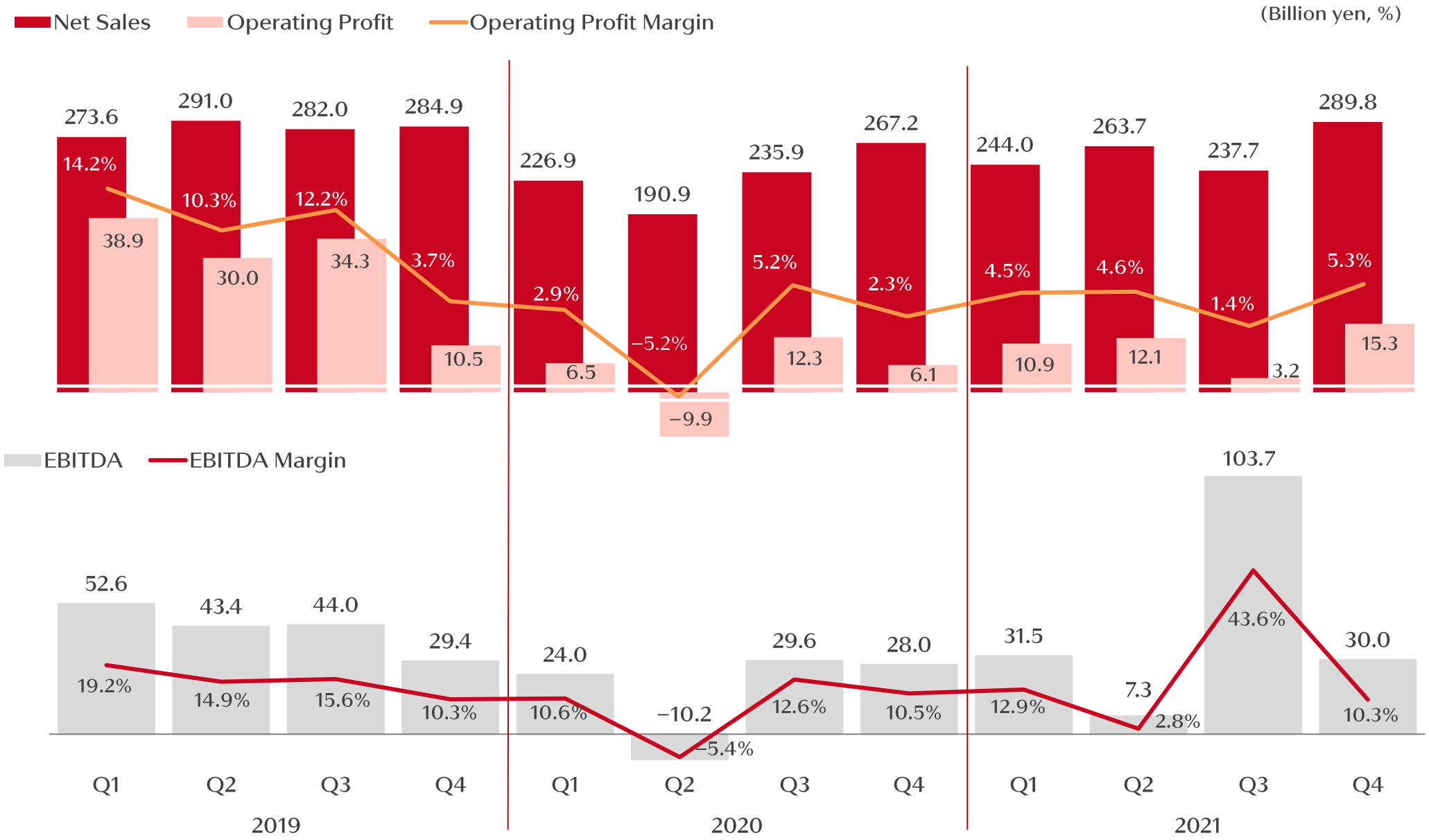
SHISEIDO

Be a Global Winner with Our Heritage

Back to Growth through Global Transformation

SHISEIDO

Supplemental Data 1
KPI Trends



Supplemental Data 2
Summary of 2021 Q4 Results

(Billion yen)	2020	% of Net Sales	2021	% of Net Sales	YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-like*3 %
Net Sales	267.2	100%	289.8	100%	+22.6	+8.4%	+2.0%	+8.0%
Cost of Sales	72.1	27.0%	75.7	26.1%	+3.7	+5.1%		
Gross Profit	195.1	73.0%	214.1	73.9%	+18.9	+9.7%		
SG&A	189.1	70.7%	198.7	68.6%	+9.6	+5.1%		
Operating Profit	6.1	2.3%	15.3	5.3%	+9.3	+153.1%		
Non-operating Income (Expenses)	−2.0	−0.8%	−0.2	−0.1%	+1.8	-		
Extraordinary Income (Loss)	4.4	1.7%	−4.3	−1.4%	−8.7	-		
Tax Expenses	5.2	2.0%	4.3	1.5%	−0.8	−16.0%		
Net Profit*1	2.0	0.8%	5.7	2.0%	+3.7	+183.0%		
EBITDA*2	28.0	10.5%	30.0	10.3%	+2.0	+7.1%		

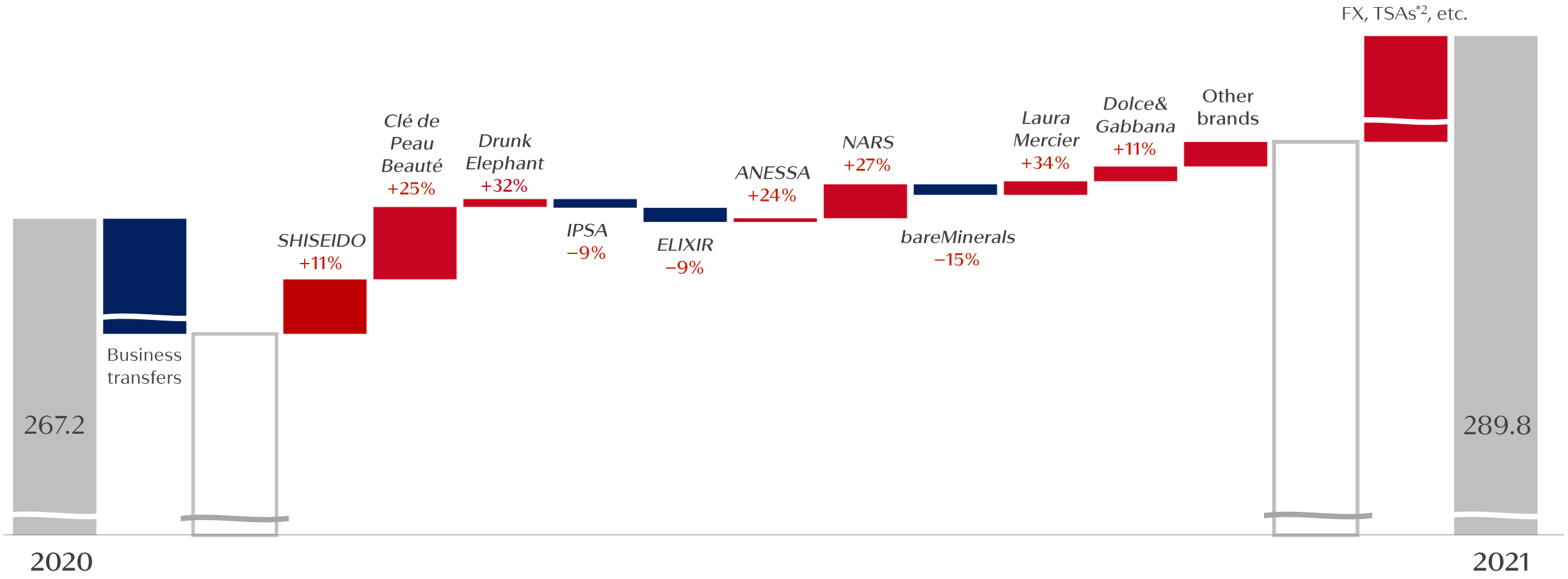
Exchange rates: USD 1 = JPY 113.7 (YoY +8.8%), EUR 1 = JPY 130.1 (+4.4%), CNY 1 = JPY 17.8 (+12.8%)

*1. Net Profit Attributable to Owners of Parent
*2. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets
*3. Excluding the impact of business transfers

Supplemental Data 3
2021 Q4 Net Sales by Brand

Like-for-like*1

(Billion yen)

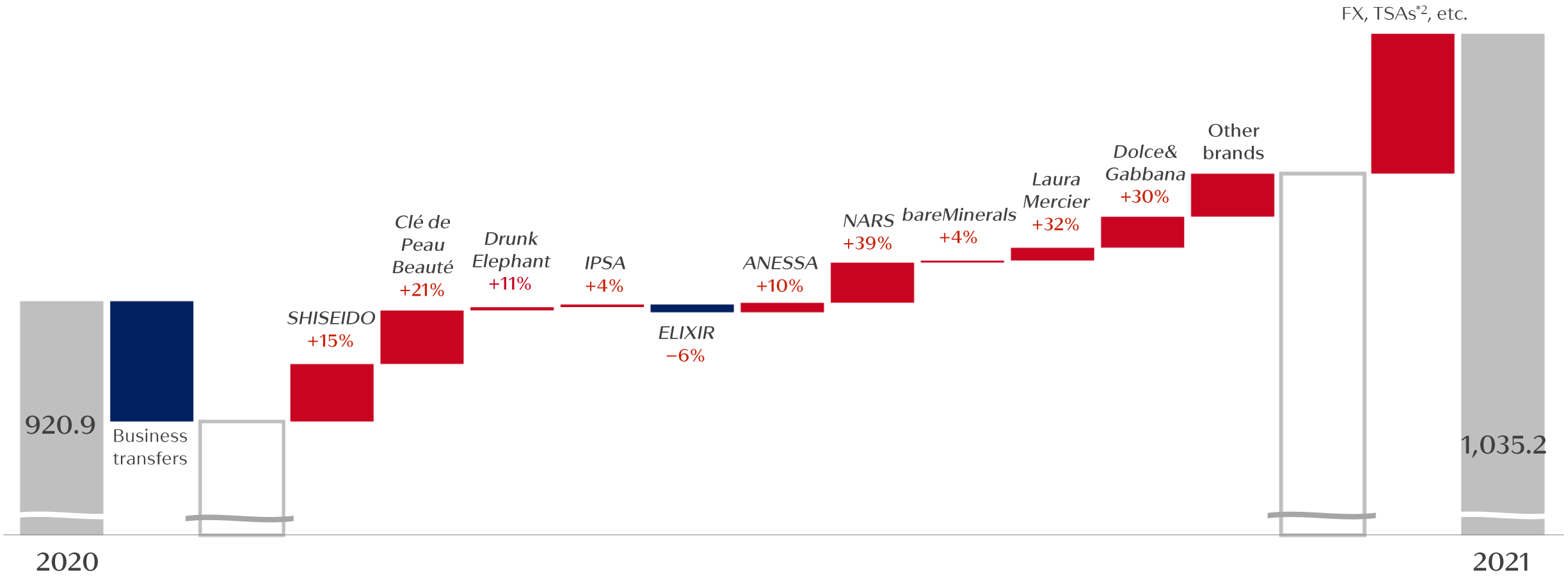


*1. YoY change (%) for each brand is calculated based on initial exchange rate assumptions and excludes the impact of foreign currency exchange, etc. *2. Result of business transfers

Supplemental Data 4
FY 2021 Net Sales by Brand

Like-for-like*1

(Billion yen)



*1. YoY change (%) for each brand is calculated based on initial exchange rate assumptions and excludes the impact of foreign currency exchange, etc. *2. Result of business transfers

Supplemental Data 5
2021 Q4 Net Sales and Operating Profit by Reportable Segment

Top: Net Sales Bottom: OP (Billion yen)	2020			2021			YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-like %*2
		% of Net Sales OPM %*1	OPM %*1 excl. amortization of goodwill, etc.		% of Net Sales OPM %*1	OPM %*1 excl. amortization of goodwill, etc.				
Japan	76.2 6.7	28.5% 8.2%	- 8.3%	65.9 1.0	22.7% 1.4%	- 1.5%	−10.3 −5.7	−13.5% −85.7%	−13.5% -	+1.4% -
China	80.8 7.0	30.2% 8.6%	- 8.9%	83.8 8.7	28.9% 10.4%	- 10.7%	+3.1 +1.7	+3.8% +24.6%	−7.1% -	+7.1% -
Asia Pacific	15.9 1.1	6.0% 6.9%	- 7.5%	16.9 0.3	5.8% 1.7%	- 2.3%	+1.0 −0.8	+6.1% −74.0%	−0.7% -	+4.5% -
Americas	25.6 −2.7	9.6% −7.7%	- −4.5%	31.6 −3.5	10.9% −9.6%	- −7.4%	+6.0 −0.8	+23.6% -	+13.4% -	+17.7% -
EMEA	34.0 −4.7	12.7% −13.3%	- −11.7%	37.6 0.1	13.0% 0.3%	- 3.1%	+3.5 +4.9	+10.4% -	+5.1% -	+5.7% -
Travel Retail	22.9 2.6	8.6% 11.5%	- 12.2%	31.8 7.0	11.0% 22.2%	- 22.8%	+8.9 +4.4	+38.8% +166.7%	+27.9% -	+27.9% -
Professional	3.7 −0.3	1.4% −7.8%	- −7.8%	4.5 −0.3	1.6% −6.6%	- −6.6%	+0.8 −0.0	+20.9% -	+15.4% -	+15.4% -
Other	8.1 −8.8	3.0% −22.5%	- −22.3%	17.7 9.0	6.1% 12.7%	- 12.9%	+9.6 +17.9	+119.5% -	+117.8% -	−2.9% -
Subtotal	267.2 0.9	100% 0.3%	- 1.0%	289.8 22.4	100% 6.3%	- 7.1%	+22.6 +21.5	+8.4% -	+2.0% -	+8.0% -
Adjustment	- 5.2	- -	- -	- −7.0	- -	- -	- −12.2	- -	- -	- -
Total	267.2 6.1	100% 2.3%	- 3.2%	289.8 15.3	100% 5.3%	- 6.2%	+22.6 +9.3	+8.4% +153.1%	+2.0% -	+8.0% -

Exchange rates: USD 1 = JPY 113.7 (YoY +8.8%), EUR 1 = JPY 130.1 (+4.4%), CNY 1 = JPY 17.8 (+12.8%)

*1. OPM is calculated using net sales including intersegment sales, or sales including internal transfers between accounts. *2. Excluding the impact of business transfers

Supplemental Data 6
FY 2021 Net Sales and Operating Profit by Reportable Segment

Top: Net Sales Bottom: OP (Billion yen)	2020			2021			YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-like %*2
		% of Net Sales OPM %*1	OPM %*1 excl. amortization of goodwill, etc.		% of Net Sales OPM %*1	OPM %*1 excl. amortization of goodwill, etc.				
Japan	303.0 9.7	32.9% 2.9%	- 3.0%	276.2 9.6	26.7% 3.2%	- 3.3%	−26.9 −0.1	−8.9% −0.9%	−8.9% -	−1.4% -
China	235.8 18.4	25.6% 7.8%	- 8.1%	274.7 1.2	26.6% 0.4%	- 0.7%	+38.9 −17.2	+16.5% −93.6%	+7.0% -	+19.1% -
Asia Pacific	59.2 3.2	6.4% 5.3%	- 6.0%	65.0 3.7	6.3% 5.6%	- 6.2%	+5.8 +0.5	+9.9% +15.1%	+3.8% -	+5.8% -
Americas	91.4 −22.7	9.9% −19.5%	- −15.2%	121.4 −13.2	11.7% −8.9%	- −6.2%	+30.0 +9.5	+32.8% -	+28.4% -	+29.9% -
EMEA	94.3 −13.2	10.3% −12.9%	- −10.7%	117.0 2.5	11.3% 1.9%	- 3.5%	+22.8 +15.7	+24.1% -	+16.4% -	+16.5% -
Travel Retail	98.5 14.6	10.7% 14.8%	- 15.5%	120.5 22.0	11.6% 18.2%	- 18.8%	+22.0 +7.3	+22.3% +49.9%	+18.4% -	+18.4% -
Professional	12.8 −0.0	1.4% −0.3%	- −0.3%	15.9 0.8	1.5% 4.6%	- 4.6%	+3.1 +0.8	+24.4% -	+19.6% -	+19.6% -
Other	25.9 4.7	2.8% 2.7%	- 3.0%	44.5 31.0	4.3% 13.3%	- 13.5%	+18.6 +26.3	+71.7% +556.0%	+70.8% -	+2.1% -
Subtotal	920.9 14.7	100% 1.3%	- 2.2%	1,035.2 57.4	100% 4.5%	- 5.1%	+114.3 +42.7	+12.4% +290.6%	+7.8% -	+11.9% -
Adjustment	- 0.3	- -	- -	- −15.8	- -	- -	- −16.1	- -	- -	- -
Total	920.9 15.0	100% 1.6%	- 2.7%	1,035.2 41.6	100% 4.0%	- 4.9%	+114.3 +26.6	+12.4% +177.9%	+7.8% -	+11.9% -

Exchange rates: USD 1 = JPY 110.0 (YoY +3.0%), EUR 1 = JPY 129.9 (+6.7%), CNY 1 = JPY 17.0 (+10.1%)

*1. OPM is calculated using net sales including intersegment sales, or sales including internal transfers between accounts. *2. Excluding the impact of business transfers

Supplemental Data 7
FY 2021 Net Sales in Japan, China, and Asia Pacific by Category

Japan (Billion yen)	2020	2020 % of Net Sales	2021	2021 % of Net Sales	YoY Change	YoY Change % / YoY Change FX-Neutral %*1	Like-for-like %*2
Prestige	68.3	22.5%	69.9	25.3%	+1.6	+2.3%	
Premium	162.9	53.8%	157.6	57.1%	−5.3	−3.2%	
Lifestyle	48.1	15.9%	24.5	8.8%	−23.6	−49.1%	
Others	23.7	7.8%	24.2	8.8%	+0.5	+2.0%	
Total Japan Sales	303.0	100%	276.2	100%	−26.9	−8.9%	−1.4%
China							
Prestige	123.1	52.2%	165.7	60.3%	+42.5	+23.7%	
Cosmetics	61.8	26.2%	74.2	27.0%	+12.4	+9.2%	
Personal Care	48.1	20.4%	31.9	11.6%	−16.2	−38.4%	
Others	2.7	1.2%	3.0	1.1%	+0.3	+2.9%	
Total China Sales	235.8	100%	274.7	100%	+38.9	+7.0%	+19.1%
Asia Pacific							
Prestige	30.3	51.2%	35.5	54.6%	+5.2	+10.8%	
Cosmetics	11.8	19.9%	10.8	16.6%	−1.0	−14.5%	
Personal Care	12.4	20.9%	12.1	18.6%	−0.2	−7.1%	
Others	4.7	8.0%	6.6	10.2%	+1.9	+32.2%	
Total Asia Pacific Sales	59.2	100%	65.0	100%	+5.8	+3.8%	+5.8%

*1. YoY Change for Japan, and YoY Change FX-Neutral for China and Asia Pacific *2. Excluding the impacts of business transfers

Supplemental Data 8
FY 2021 SG&A

(Billion yen)	2021			YoY Change	YoY Change %	YoY Change FX-Neutral %
		% of Net Sales	Change in % of Net Sales			
SG&A	730.6	70.6%	−1.9pts	+63.1	+9.5%	+5.6%
Marketing Investments*	395.5	38.2%	+0.3pts	+47.1	+13.5%	+8.5%
Brand Development/ R&D Investments	36.5	3.5%	−0.8pts	−3.3	−8.2%	−9.8%
Personnel Expenses	127.8	12.4%	−0.3pts	+10.7	+9.2%	+6.0%
Other SG&A Expenses	170.7	16.5%	−1.1pts	+8.5	+5.3%	+2.8%

* Including POS personnel expenses

Supplemental Data 9
Capital Expenditures; Depreciation and Amortization

(Billion yen)	2020	2021	2022 Outlook
Capital Expenditures*	97.9	89.5	88.0
Property, Plant and Equipment	71.8	63.0	48.0
Intangible Assets, etc.	26.1	26.6	40.0
Depreciation and Amortization	61.9	63.6	66.0
Property, Plant and Equipment	38.1	42.9	
Intangible Assets, etc.	23.7	20.6	

* Investments in capital expenditures; property, plant and equipment; intangible fixed assets (excl. goodwill, trademark rights, etc.); and long-term prepaid expenses

Supplemental Data 10: Extraordinary Income and Losses

(Billion yen)		2020			2021		
		Q3 YTD	Q4	FY	Q3 YTD	Q4	FY
Structural Reform Expenses		-	−3.2	−3.2	35.3	−5.4	29.9
Transfer and JV of PC business		-	-	-	85.0	0.3	85.3
Termination of license for *D&G*		-	-	-	−33.9	−2.6	−36.5 Incl. impairment of trademark rights −15.6
Transfer of prestige makeup brands		-	-	-	−8.5	0.3	−8.2 Incl. impairment of goodwill −7.4
EMEA: Organizational reform		-	-	-	−3.4	1.2	−2.3
Transfer of *Za* and *PURE&MILD*		-	-	-	-	−1.5	−1.5
Withdrawal from hyaluronic acid business		-	-	-	−3.3	-	−3.3
Other structural reform expenses		-	−3.2	−3.2	−0.5	−3.0	−3.5
COVID-19-Related	Profit (Subsidy income)	5.2	0.8	6.0	1.7	0.3	2.0
	Loss (Salaries and allowances for employees, etc.)	−18.1	−0.6	−18.7	−4.5	−0.0	−4.5
Property, Plant and Equipment		−2.4	8.5	6.1	−0.8	−1.2	−1.9
Investment in Securities		0.2	0.1	0.3	0.6	2.1	2.7
Other		−0.9	−1.2	−2.2	0.3	-	0.3
Total		−16.1	4.4	−11.7	32.7	−4.3	28.4

Supplemental Data 11
Historical Trends in Financial Indicators and Strategic Shareholdings

Financial indicators	Unit	2015/3	2015/12		2016/12	2017/12	2018/12	2019/12	2020/12	2021/12
			Irregular Account Settlement	After Adjustment						
OPM	%	3.6	4.9	5.1	4.3	8.0	9.9	10.1	1.6	4.0
EBITDA margin	%	11.7	10.6	-	10.6	15.5	13.7	15.0	7.8	16.7
EPS	Yen	84.4	58.2	73.8	80.4	57.0	153.7	184.2	−29.2	106.2
BPS	Yen	970	981	-	984	1,060	1,123	1,243	1,212	1,364
Cash dividend per share	Yen	20	20	-	20	27.5	45	60	40	50
ROE	%	9.4	6.0	7.6	8.2	5.6	14.1	15.6	−2.4	8.2
ROIC	%	4.7	4.7	-	4.9	10.4	13.1	12.9	1.3	3.3
Net Debt/EBITDA	Times	−0.2	−0.5	-	−0.1	−0.6	−0.3	0.8	2.4	0.1
Net Debt/Equity	Times	−0.04	−0.10	-	−0.02	−0.22	−0.11	0.28	0.36	0.03
DSI	Days	-	-	-	-	194	220	237	269	218

Strategic shareholdings	Unit	2015/3	2015/12		2016/12	2017/12	2018/12	2019/12	2020/12	2021/12
			Irregular Account Settlement	After Adjustment						
Number of holdings	Companies	97	90	-	84	80	75	52	47	26
Amount	Billion yen	21.5	21.5	-	19.4	20.3	14.3	5.9	5.0	1.5

Supplemental Data 12
FY 2022 Outlook

(Billion yen)	2021	2022	% or Net Sales	YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-like %[*2]
Net Sales	1,035.2	1,100.0	100%	+64.8	+6.3%	+5%	+14%
Operating Profit	41.6	60.0	5.5%	+18.4	+44.3%		
Ordinary Profit	44.8	63.5	5.8%	+18.7	+41.6%		
Extraordinary Income(Loss)	28.4	3.0	0.3%	−25.4	−89.4%		
Net Profit[*1]	42.4	40.0	3.6%	−2.4	−5.7%		
EBITDA	172.6	140.0	12.7%	−32.6	−18.9%		
Dividend (Yen/share) (Plan)	50 Interim: 20 (Result); Year-end: 30 (Plan)	100 Interim: 25; Year-end: 25; FY: 50 Commemorative dividend for 150th anniversary (year-end): 50	–				

Exchange rates for 2022: USD 1 = JPY 114(+3.7%), EUR 1 = JPY 131(+0.9%), CNY 1 = JPY 17.5(+2.7%)

*1. Net Profit Attributable to Owners of Parent

*2. Excluding all impacts from business transfers and related TSAs in FY2021 and FY2022

Supplemental Data 13
FY 2022 Net Sales Outlook by Reportable Segment

(Billion yen)	2021 After Segment Changes*1	2022 Outlook	YoY Change %	YoY Change FX-Neutral %	Like-for-like %*2	2021 Before Segment Changes
Total	1,035.2	1,100.0	+6.3%	+5%	+14%	1,035.2
Japan	280.8	300.0	+6.8%	+7%	+17%	276.2
China	274.7	294.0	+7.0%	+4%	+16%	274.7
Asia Pacific	65.0	61.0	−6.2%	−6%	+17%	65.0
Americas	121.4	108.0	−11.0%	−14%	+10%	121.4
EMEA	117.0	120.0	+2.5%	+2%	+11%	117.0
Travel Retail	120.5	139.0	+15.4%	+12%	+12%	120.5
Professional	15.9	8.0	−49.6%	−50%	-	15.9
Other	39.9	70.0	+75.4%	+75%	−3%	44.5

Exchange rates for 2022: USD 1 = JPY 114(+3.7%), EUR 1 = JPY 131(+0.9%), CNY 1 = JPY 17.5(+2.7%)

*1. See Supplemental Data 15 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

*2. Excluding all impacts from business transfers and related TSAs in FY2021 and FY2022

Supplemental Data 14-1: Transition to International Financial Reporting Standards (IFRS)

Major Impacts of IFRS Transition on the Balance Sheet

Item	Japanese GAAP	IFRS	Details
Lease transactions	No recognition of assets or liabilities	Recognition of assets and liabilities	Under IFRS, right-of-use assets are recognized according to sales transactions, and corresponding debt is recorded as lease liabilities
Accumulated adjustments for retirement benefits	Recorded as “Other comprehensive income” and reflected in “Retained earnings” through “Net Profit” in the following 10 years	Remeasurement of defined benefit plan is transferred directly to “Retained earnings” from “Other comprehensive income”	Under IFRS, remeasurement of defined benefit plan is recognized as “Other comprehensive income” when it occurs, and transferred to “Retained earnings” directly
		Past service costs are recognized as net profit or loss	Under IFRS, past service costs are recognized as net profit or loss as they occur
Accrued paid leave	Not recognized	Recognized	Under IFRS, accrued paid leave is recognized as a liability
Assets held for sale	None	Yes	Under IFRS, “Assets held for sale” are presented separately in the consolidated balance sheet
Translation adjustments on foreign operations	None	Balance transferred to “Retained earnings”	Under IFRS, balance of cumulative translation adjustments is transferred to “Retained earnings” at the transition date

Supplemental Data 14-2: Transition to International Financial Reporting Standards (IFRS)

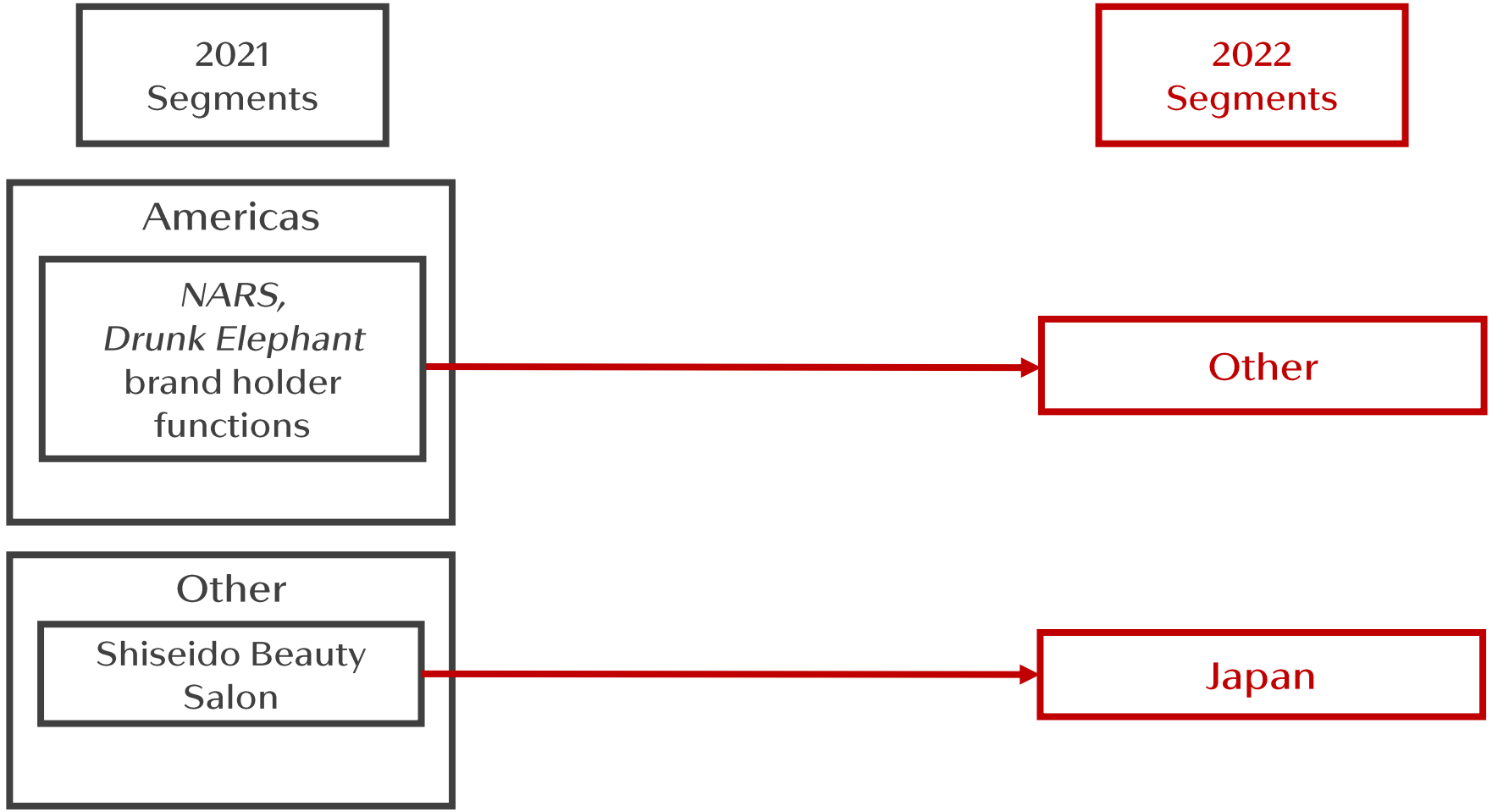
Major Impacts of IFRS Transition on the Income Statement

Item	Japanese GAAP	IFRS	Details
Non-Operating Income/Loss and Extraordinary Income/Loss	Not included in Operating Profit	Included in Operating Profit	Under IFRS, Non-operating income/loss and Extraordinary income/loss are included in Operating Profit excluding finance service revenues/expenses and equity gains/losses of affiliates
Goodwill	Amortized	Not amortized	Under IFRS, Goodwill is not amortized
Revenue recognition (Rebates/Point programs for customer loyalty)	SG&A	Deducted from Sales	Under IFRS, Rebates are deducted from Sales. Point programs for customer loyalty are recognized as a liability calculated based on the selling price of the goods and services, and the amount of allowance is deducted from sales

Major Impacts of IFRS Transition on the Cash Flow Statement

Item	Japanese GAAP	IFRS	Details
Principal payments for lease liabilities	Operating activities	Financing activities	Under IFRS, payments for lease transactions are presented as a repayment of lease liability in the financing activities section

Supplemental Data 15
Change in Reportable Segments



* The Group has revised its reportable segment classifications from the fiscal year 2022. The brand holder functions of *NARS* and *Drunk Elephant* (global marketing strategy planning, product development, communication and creative development, brand business management functions, etc.), previously included in the Americas Business, are now included in the Other segment, and business results of the Shiseido Beauty Salon Co., Ltd., previously included in the Other segment, are now included in the Japan Business.

SHISEIDO